

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 TAR-02 AGR-20 DRC-01 /163 W

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC 1369

UNCLAS SECTION 1 OF 2 OECD PARIS 31736

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: MEETING OF THE AD HOC WORKING PARTY ON THE FOOTWEAR
AND LEATHER RELATED INDUSTRIES, DECEMBER 10-11, 1973

REF: PARIS 24650 - 19 SEP 73

STATE A-7870 - 15 SEP 73

DIE/I/HS/73.303, 73.311

DIE/IND/FL/73.302, 303, 304

PASS COMMERCE FOR BODNER AND COOK

SUMMARY

1. WP ADAPTED 7-PART OUTLINE OF SUBJECT STUDY, WHICH WOULD
SERVE AS QUESTIONNAIRE, AND IN ACCORDANCE WITH MANDATE ESTABLISHED
BY INDUSTRY COMMITTEE (DIE/IND/HS/73.311), PLANS TO COMPLETE
REPORT BY NOVEMBER 1974. END SUMMARY.

2. CANADA, WHICH HAD PROPOSED THE STUDY, WAS ELECTED TO
CHAIRMANSHIP OF WP (DEWHIRST). OTHER COUNTRIES REPRESENTED
WERE AUSTRALIA, EC, FRANCE, GERMANY, ITALY, JAPAN, PORTUGAL,
SPAIN, SWEDEN, SWITZERLAND, AND TURKEY.

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3. FIRST 3 PARTS OF STUDY COVER PRODUCTION, IMPORT, EXPORT,

CONSUMPTION AND PRICE DATA ON HIDES AND SKINS, LEATHER AND FOOTWEAR. MOST OF DATA ALREADY AVAILABLE TO SECRETARIAT. TIME PERIOD COVERS LATEST FIVE YEARS FOR WHICH DATA AVAILABLE PLUS TWO EARLIER YEARS AT SELECTED INTERVALS.

4. PART IV COVERS STRUCTURE OF THE FOOTWEAR INDUSTRY AND INCLUDES INFORMATION ON NUMBER AND SIZE OF FIRMS, LABOR FORCE, INVESTMENTS AND CAPACITY, TECHNOLOGY, LEATHER SUBSTITUTES, PRODUCTIVITY, PRODUCTION COSTS, PROFITS, FASHION, MARKETING AND DISTRIBUTION CHANNELS, MANAGEMENT, AND INTERNATIONAL OWNERSHIP OF FIRMS.

5. PART V RELATES TO CONSUMER ATTITUDES, E.G. REACTION TO NEW MATERIALS, STYLES, RISING PRICES, AVAILABILITY OF CHEAPER SHOES.

6. PART VI COVERS INDUSTRIAL POLICY PURSUED BY THE INDUSTRY. PART VII COVERS GOVERNMENT POLICIES RELATING TO THE FOOTWEAR INDUSTRY, INCLUDING TRADE MEASURES, ASSISTANCE TO THE INDUSTRY, ENVIRONMENTAL PROTECTION AND OTHER MEASURES WHICH HAVE AN IMPACT ON THE INDUSTRY.

7. ACTUAL QUESTIONNAIRE TO FOLLOW AS SOON AS AVAILABLE.

8. IN ADDITION TO FIVE TYPES OF HIDES AND SKINS SPECIFIED (CATTLE, CALF, HORSE, SHEEP, GOAT), SWITZERLAND EXPRESSED INTEREST IN OBTAINING DATA AVAILABLE ON PIG SKINS, AN IMPORTANT MATERIAL FOR SHOE LININGS. EC INTERESTED IN DATA ON REPTILE SKINS AND OTHER SKINS, ALTHOUGH RECOGNIZING THESE ARE USED MORE GENERALLY FOR PRODUCTS OTHER THAN SHOES.

AUSTRALIAN DEL COMMENTED THAT HIS GOVERNMENT AND INDUSTRY HAVE FORMED A COMMITTEE TO STUDY WHETHER FORMER DEMAND FOR

KANGAROO LEATHER (NOW PROHIBITED "FOR ENVIRONMENTAL REASONS") GOES TO OTHER LEATHERS OR TO SYNTHETICS. SEVERAL DELEGATES GENERALLY EXPRESSED CONCERN OVER AVAILABILITY AND PRICE OF RAW MATERIALS AS WELL AS EXPORT POLICIES OF NON-OECD COUNTRIES. EC INDICATED NEGOTIATIONS CURRENTLY UNDERWAY BETWEEN EC AND SUPPLIERS IN SOUTHEAST ASIA AND SOUTH AMERICA
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AND THAT PERTINENT INFORMATION WOULD BE MADE AVAILABLE TO SECRETARIAT

9. FRENCH DELEGATE INSISTENT ON SEPARATE CATEGORIES FOR DATA ON RAW HIDES, TANNED OR SEMI-PROCESSED HIDES, AND LEATHER, POINTING TO EXPORT PROHIBITIONS ON RAW HIDES BY PRODUCING COUNTRIES TO PROMOTE EXPORT SALES OF TANNED OR SEMI-PROCESSED SKINS. CHAIRMAN NOTED THAT CHANGE IN CATEGORIES ON HIDES AND

SKINS NOW UNDER CONSIDERATION BY OECD WP ON INDUSTRIAL STATISTICS. WHEREVER SPECIFIC DATA ARE AVAILABLE, THEY WILL BE USED.

10. DIFFERENCES OF STATISTICAL CLASSIFICATIONS FOR FOOTWEAR IN VARIOUS COUNTRIES WERE RECOGNIZED AS A SPECIAL PROBLEM. WP QUESTIONNAIRE DESIGNED TO OBTAIN DATA IN THREE GROUPS: (1) "WITH LEATHER UPPERS", (2) "WITH UPPERS OF LEATHER.../... SUMMERS

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SUBSTITUTES" AND (3) "OTHER FOOTWEAR". COUNTRIES USING BRUSSELS NOMENCLATURE REGARD THE FOOTWEAR WITH UPPERS OF LEATHER SUBSTITUTES AS THOSE MADE FROM SYNTHETIC MATERIALS USING TRADITIONAL FOOTWEAR PRODUCTION METHODS. PLASTIC FOOTWEAR MADE BY INJECTION MOLDING (RUBBER MANUFACTURING TECHNIQUES) ARE REGARDED AS "OTHER FOOTWEAR". SEVERAL COUNTRIES, INCLUDING U.S., INDICATED DATA ARE NOT AVAILABLE ON THIS BASIS FOR THEIR COUNTRIES. WP AGREED THAT AVAILABLE DATA WOULD BE SUBMITTED TO SECRETARIAT. FOR REVIEW. REFINEMENTS MAY BE MADE AFTERWARDS.

11. TO EXTENT POSSIBLE, QUESTIONNAIRE WILL SEEK TO QUANTIFY PRODUCTIVITY, PRODUCTION COSTS AND PROFITS IN RESPECTIVE FOOTWEAR INDUSTRIES. IN ABSENCE OF OFFICIAL DATA OR TRADE DATA, RECIPIENTS WILL BE ASKED TO PROVIDE ESTIMATES.

PRODUCTION COSTS ARE TO INCLUDE BREAKDOWN FOR RAW MATERIALS, TOLLING, CAPITAL (FINANCING), PERSONNEL (LABOR) AND "OTHER" COSTS.

12. LABOR DATA WILL INCLUDE INFORMATION ON IMPORTED LABOR AND, AT U.S. REQUEST, LEGAL MINIMUM WAGES, PARTICULARLY IF SEPARATE MINIMUM APPLIES TO FOOTWEAR INDUSTRY., COMPULSORY SOCIAL COSTS (E.G. UNEMPLOYMENT AND WORKMEN'S COMPENSATION AND OTHER FRINGE BENEFITS) INCURRED BY FOOTWEAR MMANUFACTURERS
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WILL BE INCLUDED IN SECTION ON LABOR COSTS. OTHER COSTS INCURRED FOR HEALTH OR SAFETY REASONS MAY BE INCLUDED IN SECTION DEALING WITH ENVIRONMENTAL MEASURES AND OTHER GOVERNMENT MEASURES AFFECTING THE FOOTWEAR INDUSTRY.

13. SECRETARIAT POINTED OUT THAT INFORMATION DEVELOPED ON INTERNATIONAL OWNERSHIP CAN BE USEFUL TO OTHER OECD COMMITTEES STUDYING THE GENERAL SUBJECT MATTER. QUESTIONNAIRE WILL SEEK INFORMATION ON THE EXTENT TO WHICH MANUFACTURING FIRMS AND FOOTWEAR RETAILERS ARE OWNED BY FIRMS OF FOREIGN NATIONALITY AS WELL AS NATIONAL FIRMS OPERATING SUBSIDIATIES ABROAD. INFORMATION ALSO WILL BE SOUGHT ON FIRMS PRODUCING UNDER LICENSE BY FOREIGN FIRMS AND FIRMS WITH LICENSING ARRANGEMENTS FOR FOREIGN PRODUCTION.

14. CANADIAN DEL (HERMAN) SHOWED STRONG INTEREST IN GOVERNMENT ASSISTANCE MEASURES AND INDUSTRY SELF-HELP EFFORTS IN OTHER COUNTRIES, PARTICULARLY AVAILABILITY OF SPECIAL TRAINING SCHOOLS FOR SHOE WORKERS AND MANAGERIAL PERSONNEL, SERVICES OF TRADE ASSOCIATIONS, "MODERNIZATION" AND "RATIONALIZATION" OF PRODUCTION.

15. US DEL (ASCHER) STRESSED THE IMPORTANCE OF OBTAINING INFORMATION ON THE INDUSTRY IN NONMEMBER COUNTRIES SINCE THEIR COMPETITION HAS A BEARING ON PRODUCTION AND TRADE OF OECD COUNTRIES. TO MAKE THIS A RULY WORLDWIDE SURVEY, SECRETARIAT INDICATED IT WOULD REVIEW AVAILABLE DOCUMENTS OF OTHER INTERNATIONAL ORGANIZATIONS AS A FIRST STEP (PARTICULARLY FAO AND ILO). ALL DELEGATES WERE INVITED TO SUBMIT INFORMATION ON THE INDUSTRIES IN NONMEMBER COUNTRIES.

16. TENTATIVE TIME SCHEDULE INCLUDES THE FOLLOWING:
QUESTIONNAIRE TO BE CIRCULATED AROUND JANUARY 20, 1974;
RESPONSES TO BE REQUESTED BY END MARCH; DRAFT REPORT TO BE PREPARED AND CIRCULATED BY MID-MAY (DEPENDING UPON PROMPTNESS OF SUBMISSION BY RESPONDENTS); MEETING OT BE HELD TOWARD END OF MAY OR EARLY JUNE TO DISCUSS PRELIMINARY REPORT WITH REVISIONS DUE BY END SEPTEMBER; FINAL MEETING TO BE HELD ON OCTOBER PRIOR TO SUBMISSION OF REPORT TO INDUSTRY COMMITTEE

IN NOVEMBER 1974.SUMMERS

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